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SOUTHERN DISTRICT OF CALIFORNIA
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Attorneys for Plaintiff
HANLEY-WOOD, LLC

FAXED

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

HANLEY-WOOD, LLC, a Delaware limited liability company,

Plaintiff,

v.

THE RYNESS COMPANY, a California corporation,

Defendants.

Case No. '08 CV 0186 DMS WMc

COMPLAINT FOR BREACH OF CONTRACT

(REQUEST FOR JURY TRIAL)

By this Complaint, Hanley-Wood, LLC ("Hanley Wood"), seeks relief for the payment defaults by The Ryness Company ("Ryness") under a license agreement.

THE PARTIES

1. Hanley Wood is a Delaware limited liability company with its principal place of business in Washington, D.C. Hanley Wood's sole member is FSC Holdings LLC, a Delaware limited liability company with its principal place of business in Washington, D.C. Hanley Wood is authorized to do business, and is doing business, in the State of California, County of San Diego.

2. Ryness is a California corporation with its principal place of business in San Diego, California.

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JURISDICTION AND VENUE

3. This Court has original jurisdiction over the subject matter of this action pursuant to 28 USC § 1332(a)(1) in that this action is between citizens of different States and the amount in controversy exceeds $75,000, exclusive of interests and costs.

4. Venue is proper in this judicial district pursuant to 28 USC §1391(a) in that the only defendant in this action, Ryness, resides in this district.

GENERAL ALLEGATIONS

The 2005 Action and Subsequent License Agreement

5. Hanley Wood is a leading provider of media and information products, serving the residential housing and commercial construction industries. Through its Hanley Wood Market Intelligence division ("HWMI"), Hanley Wood provides comprehensive and detailed residential construction information and other data in housing markets throughout the United States. Hanley Wood's proprietary research is used by thousands of industry professionals, including developers, lenders, manufacturers, and consultants, to analyze key trends impacting the housing industry and to make critical business decisions regarding everything from pricing strategy and construction financing to geographic expansion and target marketing.

6. Ryness' primary business involves marketing and selling newly constructed homes for builders of residential housing projects.

7. In November 2005, Hanley Wood filed a civil action against Ryness in the San Diego County Superior Court, Case No. 857576 (the "2005 Action"). The 2005 Action also named as a defendant Timothy Sullivan ("Sullivan"), a former employee of Hanley Wood who left HWMI to form a consulting division at Ryness. The 2005 Action sought damages and other relief arising from, among other things, Ryness' misappropriation of Hanley Wood's proprietary market research and other trade secrets.

8. In January 2006, the parties negotiated a settlement of the 2005 Action. Pursuant to the settlement, Hanley Wood (through HWMI) and Ryness entered into a Proprietary Information License Agreement (the "License" or "License Agreement"),

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dated as of January 20, 2006 (the "Effective Date"). Attached hereto as Exhibit A is a true and correct copy of the License Agreement.

9. Pursuant to the License Agreement, Hanley Wood granted Ryness a worldwide, non-exclusive, non-transferable license to use the information contained in its "Proprietary Licensed Database" (as defined in the License Agreement), subject to the terms and conditions contained therein. Ex. A § 1.1

10. In consideration of the License granted by Hanley Wood, Ryness agreed to pay Hanley Wood an annual fee (the "Annual Fee") equal to $600,000 during each year that the License Agreement is in effect, payable in equal quarterly installments of $150,000 each, due on the first day of each calendar quarter. Ex. A § 4.1.

11. The License Agreement continues for an initial term ending on January 20, 2011 (i.e., five years from the Effective Date) unless terminated prior to such date in accordance with the terms thereof. Ex. A § 6.1.

Ryness' Payment Defaults Under the License Agreement

12. Since April 1, 2007, Ryness has failed and refused to pay any amounts due to Hanley Wood under the License Agreement. Specifically, Ryness failed and refused to make each of the Annual Fee quarterly payments that were due on April 1, 2007, July 1, 2007, October 1, 2007 and January 1, 2008. Accordingly, as of the date hereof, Ryness owes Hanley Wood at least $600,000 in unpaid License fees. The amount of unpaid License fees which Ryness owes through the remaining term of the License Agreement totals at least $2,300,000.

13. Despite Ryness' failure to pay the Annual Fee as required by the License Agreement, Hanley Wood has continued to perform its obligations under the License Agreement, including, without limitation, providing Ryness with access to its Proprietary Licensed Database.

14. Since April 2007, Hanley Wood has made numerous demands for Ryness to pay the Annual Fee required under the License Agreement. In addition, Hanley Wood, in a good faith effort to avoid litigation, has proposed

renegotiating the terms of the License Agreement and restructuring the payments owed by Ryness under the License. Despite Hanley Wood's good faith efforts at resolving Ryness' payment defaults, Ryness has failed to agree to any of Hanley Wood's proposals, nor has it paid any remaining amounts owing under the License Agreement.

COUNT 1

(BREACH OF CONTRACT)

15. Hanley Wood hereby realleges and incorporates by reference herein the allegations contained in paragraphs 1 through 14, above.

16. Ryness' failure and refusal since April 1, 2007 to pay any amounts due to Hanley Wood constitutes a breach of its covenant and agreement to make such payments pursuant to the terms of the License Agreement.

17. Hanley Wood has performed – and continues to perform – all of its obligations under the License Agreement.

18. As a direct and proximate result of Ryness' breach of the License Agreement, Hanley Wood has suffered, and will continue to suffer, substantial monetary damages in an amount not yet determined, but which currently is in excess of $600,000 and totals at least $2,300,000 through the remaining term of the License Agreement.

19. Pursuant to section 7.2 of the License Agreement, Ryness agreed to indemnify Hanley Wood from and against "any and all actions, damages, claims, liabilities, costs, expenses and losses (including without limitation fees and disbursements of counsel) . . . in any way arising out of or relating to a breach of or inaccuracy in any representation, warranty, or covenant of Licensee . . ." Ex. A § 7.2.

20. Ryness' failure to pay the Annual Fee as required by the License Agreement constitutes a breach of its "representation, warranty, or covenant" within the meaning of section 7.2 of the License Agreement.

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Specifically, pursuant to section 4.1 of the License Agreement, Ryness expressly covenanted, agreed and represented that it would pay the License Fee in accordance with the terms set forth therein. Accordingly, Hanley Wood is entitled to recover it's costs, including attorneys' fees, incurred in this action.

WHEREFORE, Hanley Wood prays that the Court enter judgment:

1. Awarding compensatory damages to Hanley Wood in an amount to be proven at trial;

2. Awarding pre-judgment and post-judgment interest at the maximum rate provided by law;

3. Awarding Hanley Wood its costs, including attorneys' fees; and

4. Providing all such other and further relief as the Court deems just and proper.

REQUEST FOR JURY TRIAL

Hanley Wood requests a jury trial on all issues triable by a jury.

DATED: January 30, 2008

OGLETREE, DEAKINS, NASH, SMOAK & STEWART, P.C.

By: ______________________
Marcus A. McDaniel
Attorneys for Plaintiff
HANLEY-WOOD, LLC

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EXHIBIT A

PROPRIETARY INFORMATION LICENSE AGREEMENT

This PROPRIETARY INFORMATION LICENSE AGREEMENT (the "Agreement"), dated as of January 20, 2006 (the "Effective Date"), is made by and between Hanley Wood Market Intelligence, a division of Hanley Wood, LLC, a Delaware limited liability company ("Licensor"), having its principal place of business at 555 Anton Boulevard, Suite 950, Costa Mesa, California 92626 and The Ryness Company ("Licensee"), a California corporation having its principal place of business at 11622 El Camino Real, Suite 300, San Diego, California 92130.

WHEREAS, Licensor owns a proprietary database consisting of, among other things, data collected with respect to the homebuilders active in all markets in which Licensor gathers information as of the Effective Date (together with the method of data collection and applicable technology, the "Proprietary Licensed Database"); and

WHEREAS, Licensee desires access to, and use of, the Proprietary Licensed Database in connection with marketing and residential real estate consulting services by Licensee and its subsidiaries, including consulting services provided to third parties by Sullivan Group Real Estate Advisors LLC (collectively, the "Permitted Services").

NOW, THEREFORE, the parties agree as follows:

Article 1
License Grant

1.1 Subject to the terms and conditions set forth herein, Licensor hereby grants to Licensee a worldwide, non-exclusive, non-transferable license to use the information contained in the Proprietary Licensed Database solely in connection with the Permitted Services.

1.2 Licensee shall not (and shall not permit its employees, agents, representatives and/or contractors to), without the express prior written consent of Licensor: (a) transmit, sell, distribute, transfer, sublicense or store in a retrieval system or translate into any language or computer language, the Proprietary Licensed Database, in any form, by any means; (b) use the Proprietary Licensed Database in conjunction with any public or private offering of securities or other similar purpose where the Proprietary Licensed Database may be relied upon to any degree by any party other than Licensee; (c) publish the Proprietary Licensed Database or use the name "Hanley-Wood", except as required in Section 1.4; (d) reverse engineer, decompile or disassemble the Proprietary Licensed Database; or (e) remove any copyright or other proprietary rights notices in or on the Proprietary Licensed Database.

1.3 Licensee shall use the Proprietary Licensed Database only for the purposes set forth in Section 1.1 above. Licensor reserves all rights not expressly granted herein. For the avoidance of doubt, the license granted hereunder shall not extend beyond the markets in which Licensor gathers information as of the Effective Date and if Licensee wishes to obtain a license to use information related to additional markets that may be hereafter acquired, Licensee shall be obligated to pay an additional license fee at a percentage increase equal to the percentage increase in data from such additional markets. Licensor shall calculate such percentage increase by dividing the number of lines of new data by the number of lines of both existing data and new data.

1.4 Licensee agrees to display Licensor's copyright symbol on any proprietary data used, and to properly attribute to Licensor all data from the Proprietary Licensed Database, such attribution to be in the form as set forth on Exhibit A. To ensure compliance with the attribution requirement in this Section 1.4, Licensee agrees that, not more than once in any twelve (12) month period, Licensor may at its cost review (at Licensee's principal offices during regular business hours, on at least fifteen (15) days' advance notice) copies of all products which include information from the Proprietary Licensed Database ("Licensed Products") that are created, published or distributed by Licensee. Alternatively, at Licensor's request, Licensee shall, within fifteen (15) days of such request, prepare and deliver to Licensor a list of the Licensed Products (prepared since the last review or list provided to Licensee); Licensor may then designate up to fifteen (15) of the Licensed Products and Licensee shall provide copies of such designated Licensed Products within fifteen (15) days of receipt of Licensor's written request.

Article 2
Proprietary Licensed Database Requirements

2.1 Licensor will use best efforts to update the Proprietary Licensed Database not less than once every thirty (30) days.

2.2 Licensor shall provide Licensee (and its subsidiaries) with access to and use of the Proprietary Licensed Database, including the delivery of historical data, in the form of a CD-ROM or, when commercially available, through the worldwide web.

2.3 Licensor and Licensee shall each appoint a Data Operations Liaison from among their respective employees to review data collection methods and technical developments.

2.4 Designated representatives from Licensor and Licensee, including the Data Operations Liaison from each party, shall meet on a quarterly basis to discuss best practices in data reporting and data collection activities. The number of designated representatives from each party, including the Data Operations Liaison, shall not exceed a total of four individuals. Licensor shall use commercially reasonable efforts to implement and follow best practices for the Proprietary Licensed Database. Failure by Licensor to implement any particular best practice shall not be deemed a breach of this Agreement.

Article 3
Ownership of Intellectual Property

3.1 Licensee acknowledges that Licensor owns and shall own all right, title and interest, throughout the world, in and to the Proprietary Licensed Database and all copyright and other intellectual property rights associated therewith. Licensee shall not take any action that is inconsistent with Licensor's ownership of the Proprietary Licensed Database. Licensee agrees that nothing in this Agreement and no use of the Proprietary Licensed Database, or any information contained therein, shall vest in Licensee or be construed to vest in Licensee, any right, title or interest in or to the Proprietary Licensed Database other than the express right to use the Proprietary Licensed Database solely in accordance with the terms and conditions of this Agreement.

3.2 To the extent any right, title or interest in or to any of the Proprietary Licensed Database, or any intellectual property rights therein, vests in Licensee, by operation of law or otherwise, in a manner contrary to the agreed-upon ownership as set forth in this Agreement, Licensee shall, and hereby does, irrevocably assign to Licensor any and all such right, title and interest in such Proprietary Licensed Database or other intellectual property to Licensor.

3.3 In the event Licensor files a petition in bankruptcy, or is adjudicated bankrupt, and such petition or adjudication is not dismissed within thirty (30) days, or in the event Licensor affirmatively elects to permanently cease data collection activities, Licensee shall have the right to retain a copy of all data received pursuant to this Agreement and shall be able use such data in connection with marketing and real estate consulting services by Licensee and its subsidiaries and in a manner consistent with its use of such data during the term of this Agreement. This shall also apply if Licensor affirmatively elects to permanently cease data collection activities only in one or more geographic areas, but then only as to data for such geographic areas.

Article 4
Payments; Audits

4.1 In consideration of the license granted hereunder, Licensee shall pay Licensor an annual fee of $600,000 during each year of the Term (the "Annual Fee"), payable in equal quarterly installments of $150,000 each. Payment shall be due on the first day of each calendar quarter, except for payment for the first quarter of the Term, which shall be due, in its entirety, on the Effective Date. The Annual Fee for the Renewal Term will be subject to an increase proportional to the increase from the most recently completed calendar year in the Consumer Price Index for All Urban Consumers for the U.S. City Average for All Items. In no event shall such increase exceed five percent (5%).

4.2 In addition to the Annual Fee, for the first year only, Licensee shall pay Licensor a premium services fee in the amount of $150,000 (the "Premium Fee") in recognition of: (i) the customized delivery, in cd-rom format, of historical data, and (ii) additional training, support and consultation available to Licensee through March 31, 2006. Payment of the Premium Fee shall be due, in its entirety, on the Effective Date.

4.3 In the event Licensor adds geographic markets ("Additional Markets") to the Proprietary Licensed Database and, provided that Licensee elects to receive data from such Additional Markets, the Annual Fee shall be subject to an increase proportionate to the percentage increase in data resulting from the inclusion of the Additional Markets.

4.4 The Premium Fee and the first installment of the Annual Fee made pursuant to this Article 4 shall be in the form of a wire transfer, in accordance with the wire transfer instructions set forth on Schedule A.

Article 5
Representations, Warranties; Disclaimer; and Indemnity

5.1 Each party represents and warrants to the other party that (a) it has the full corporate right, power and authority to enter into this Agreement and to perform its obligations hereunder and thereunder, (b) the execution of this Agreement and the performance of its obligations hereunder and thereunder do not and will not conflict with or result in a breach (including, without limitation, with the passage of time) of any other agreement to which it is a party or by which any of its assets or properties is bound or affected, (c) this Agreement has been duly executed and delivered by such party and constitutes the valid and binding agreement of such party, enforceable against such party in accordance with its terms.

5.2 Licensor represents and warrants to Licensee that it is the owner of, or has the right to license, the Proprietary Licensed Database and has the right to grant Licensee the licenses provided herein for the use contemplated hereunder. To the Licensor's knowledge, Licensor has not received any written notice that the Proprietary Licensed Database infringes on any third party's proprietary rights. Licensee acknowledges and agrees it is not acquiring under this Agreement any proprietary interest in the Proprietary Licensed Database.

5.3 Without limiting in any manner any other provision in this Agreement, Licensee represents and warrants to Licensor that, no later than ten (10) days after the Effective Date, Licensee shall cease all data collection operations, other than in the ordinary course of the Permitted Services and other than in connection with the activities in the states of Washington and Oregon of Real Vision Research Inc. and Real Vision Information Services LLC, d/b/a New Home Trends.

5.4 TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, ORAL OR IN WRITING, ARISING UNDER LAWS OF THE UNITED STATES, OR ANY OTHER LAWS, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO VALIDITY, ENFORCEABILITY, ERROR-FREE OPERATION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT OR THE LIKE WITH RESPECT TO THE PROPRIETARY LICENSED DATABASE.

Article 6
Term and Termination

6.1 This Agreement shall become effective as of the Effective Date and shall continue for an initial term of five years (the "Initial Term"), after which it shall be renewed by mutual written agreement of the parties for one additional term of two years unless terminated by Licensor not less than six (6) months' written notice prior to the end of the Initial Term (the "Renewal Term").

6.2 Either party may terminate this Agreement at any time on thirty (30) days' written notice to the other party in the event that the latter shall breach or fail to perform any material obligation under this Agreement and such default is not remedied within thirty (30) days after notice is given specifying the nature of the default. Such right of termination shall not be exclusive of any other remedies or means of redress to which the non-defaulting party may be lawfully entitled, and all such remedies shall be cumulative.

6.3 At any time following the date that is thirty (30) months after the Effective Date, Licensee may terminate this Agreement by then giving six (6) months' written notice to Licensor.

6.4 This Agreement shall terminate automatically if any bankruptcy, insolvency or reorganization proceedings, or other proceedings analogous in nature or effect, are instituted against Licensee or by Licensee with respect to itself.

6.5 On or before ten (10) days after termination of this Agreement, Licensee shall deliver to Licensor all copies of the Proprietary Licensed Database and Licensor Confidential Information (as hereinafter defined) or at Licensor's request, destroy, to the extent requested, all copies of materials relating to the Proprietary Licensed Database and Licensor Confidential Information and cause an officer of Licensee to certify that such instructions have been followed in their entirety.

Article 7
Limited Remedy

7.1 Licensor shall, at its sole cost and expense, indemnify and hold Licensee harmless from and against any claims or action brought against Licensee that may result by reason of infringement, or claim of infringement, of any United States patent, copyright, or other proprietary rights of any third party based upon the use of the Proprietary Licensed Database delivered by Licensor to Licensee pursuant hereto, provided Licensee notifies Licensor promptly and in writing of such claim or action; and provided, further, that Licensor shall not indemnify Licensee to the extent that Licensee is responsible, directly or indirectly, for such infringement or claim of infringement. Licensee may participate, at its own cost, in the defense or settlement of any such claim defended by Licensor pursuant to this Section 6.1, provided, however, that full control of the investigation, trial or compromise of the matter shall remain exclusively with Licensor.

7.2 Licensee shall indemnify and hold harmless Licensor and its partners, members, principals and employees from an against any and all actions, damages, claims, liabilities, costs, expenses and losses (including without limitation fees and disbursements of counsel) brought against, incurred by, or paid by any of them at any time, in any way arising out of or relating to a breach of or inaccuracy in any representation, warranty, or covenant of Licensee or otherwise arising out of Licensee's sale of the Licensed Products.

7.3 EXCEPT TO THE EXTENT PROVIDED IN SECTION 6.1 HEREOF, TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL LICENSOR BE LIABLE TO LICENSEE OR ANY OTHER ENTITY FOR ANY CLAIM, LOSS OR DAMAGE OF ANY KIND ARISING OUT OF OR IN CONNECTION WITH THE DEFICIENCY OR INADEQUACY OF THE PROPRIETARY LICENSED DATABASE FOR ANY PURPOSE WHETHER OR NOT KNOWN OR DISCLOSED TO LICENSEE.

7.4 EXCEPT TO THE EXTENT PROVIDED IN SECTION 6.1 HEREOF, TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL LICENSOR BE LIABLE TO LICENSEE OR ANY OTHER ENTITY FOR ANY LOSS OF PROFITS, SALES, BUSINESS, DATA OR OTHER INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR SIMILAR DAMAGES IRRESPECTIVE OF WHETHER LICENSEE HAS BEEN INFORMED OF, KNEW OF, OR SHOULD HAVE KNOWN OF THE LIKELIHOOD OF SUCH DAMAGES. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION IN THE AGGREGATE, INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION, INFRINGEMENT AND OTHER TORTS. IN NO EVENT SHALL LICENSOR'S LIABILITY HEREUNDER EXCEED THE AMOUNT OF FEES PAID TO LICENSOR DURING THE TWELVE MONTHS PRECEDING THE INCURRENCE OF ANY SUCH LIABILITY.

7.5 TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL LICENSEE BE LIABLE TO LICENSOR OR ANY OTHER ENTITY FOR ANY LOSS OF PROFITS, SALES, BUSINESS, DATA OR OTHER INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR SIMILAR DAMAGES IRRESPECTIVE OF WHETHER LICENSOR HAS BEEN INFORMED OF, KNEW OF, OR SHOULD HAVE KNOWN OF THE LIKELIHOOD OF SUCH DAMAGES. THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION IN THE AGGREGATE, INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION, INFRINGEMENT AND OTHER TORTS. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, IN NO EVENT SHALL THE LIMITATION SET FORTH IN THIS SECTION 7.5 APPLY TO ANY CLAIMS OR CAUSES OF ACTION THAT LICENSOR MAY INSTITUTE OR BRING AGAINST LICENSEE ARISING OUT OF OR RELATING TO LICENSEE'S NON-COMPETITION OBLIGATIONS HEREUNDER, INCLUDING WITHOUT LIMITATION THOSE OBLIGATIONS CONTAINED IN SECTION 9.1 HEREOF.

Article 8

Confidentiality

8.1 **"Confidential Information"** means (a) the Proprietary Licensed Database (b) any information, in whatever form, treated by Licensor as confidential or proprietary, including without limitation trade secrets, which are identified as confidential or proprietary at the time of delivery to Licensee; and (c) information that is disclosed under circumstances in which Licensee knew or reasonably should have known was confidential. Confidential Information shall not include information which: (a) at or prior to the time of disclosure was known to Licensee through lawful means or through act of a third party that was not known by Licensee to be unauthorized; (b) at or after the time at which the disclosure by Licensor becomes generally available to the public through no act or omission on Licensee's part; (c) is developed by Licensee independent of any Confidential Information it receives from Licensor or (d) Licensee lawfully receives from a third person free to make such disclosure without breach of any legal obligation.

8.2 Licensee may disclose Confidential Information pursuant to any statute, regulation, order, subpoena or document discovery request; provided that, prior written notice of such disclosure is furnished to the Licensor as soon as practicable in order to afford it an opportunity to seek a protective order.

8.3 Licensee shall use the Confidential Information solely to fulfill its obligations and exercise its rights under this Agreement, and, except as otherwise provided herein, all Confidential Information of Licensor, and any derivative works thereof, shall remain at all times the sole and exclusive property, worldwide, of Licensor. Licensee shall use the same measures used to protect Licensor's Confidential Information as it uses to protect its own Confidential Information, but in no event less than commercially reasonable measures. Licensee shall not disclose any of Licensor's Confidential Information to any third party without Licensor's prior written consent and shall limit disclosure of Licensor's Confidential Information to employees with a need to know such information and who are bound by terms of confidentiality as least as protective as those set forth herein.

8.4 In view of the difficulties of placing a monetary value on the Confidential Information, Licensor may be entitled to a preliminary and final injunction without the necessity of posting any bond or undertaking in connection therewith to prevent any further breach of this Section 7 or further unauthorized use of its Confidential Information. This remedy is separate from and in addition to any other remedy Licensor may have.

Article 9
Non-Solicit, Non-Compete

9.1 As an inducement to Licensor's entering into this Agreement and in order to protect Licensor's Confidential Information, Licensee agrees that, during the Term of the Agreement and for a period of two years thereafter, it will not collect, gather, aggregate, sell or otherwise transfer data or any data product that is competitive with the business of Licensor, nor will it, alone or in association with any other entity or person own, manage, operate, control, participate in, acquire more than five percent (5%) of (or the right to acquire more than five percent (5%) of) any class of voting securities of, perform services for, or otherwise carry on, a business which is in competition with Licensor. This Section 9.1 shall not apply to (a) Licensee's activities in the states of Washington and Oregon in connection with Real Vision Research Inc. and Real Vision Information Services LLC, d/b/a New Home Trends, (b) activities of Licensee and its subsidiaries performed in the ordinary course of the Permitted Services (including collection and gathering of data to be provided to Licensor pursuant to Sections 9.2 and 9.3 of this Agreement), or (c) collection, gathering, aggregation and use of data in the ordinary course of the Permitted Services in a Non-Covered Area (as defined below). Further, during the two-year period after expiration or earlier termination of this Agreement, and concurrent with the survival of the non-competition obligations, Licensee may collect, gather, aggregate and use data in the ordinary course of the Permitted Services in a manner consistent with its use of such data during the term of this Agreement; the parties also agree that Licensee's collection and gathering of data using the methods utilized by Licensee as of the date of this Agreement shall not infringe on any proprietary rights of Licensor in methods of collection and gathering of data.

9.2 To the extent that Licensee or its subsidiaries perform the Permitted Services in a geographic area not included in the Proprietary Licensed Database (a "Non-Covered Area"), and Licensee collects and gathers data in such Non-Covered Area, Licensee agrees that, within sixty (60) days of written request by Licensor, Licensee shall provide its historical data for such area (the "Licensee Historical Data") to Licensor, and effective upon the commercial availability of the Proprietary Licensed Database for such area (a) Licensee shall assign and transfer all of Licensee's right, title and interest, if any, to such data, without warranty, and (b) Licensee's rights under item 9.1(c) above shall cease with respect to such area.

9.3 The parties acknowledge that Licensee collects and gathers data (the "Licensee Permitted Data") in the ordinary course of the Permitted Services. To the extent the Licensee Permitted Data includes data of the type collected and aggregated in the Proprietary Licensed Database, Licensee shall assign and transfer all right, title and interest, if any, to the Licensee Permitted Data to Licensor (and Licensee agrees that it does not and will not claim any proprietary rights in such data), without warranty. Following execution of this Agreement, the parties agree to establish and implement mutually acceptable procedures for delivery of the Licensee Permitted Data to Licensor.

9.4 As an inducement to Licensor's entering into this Agreement and in order to protect Licensor's Confidential Information, Licensee agrees that, for a period of two (2) years from the Effective Date, it will not hire any employees of Licensor, nor will Licensee, for the Term of the Agreement, solicit any employees of Licensor.

9.5 As an inducement to Licensee's entering into this Agreement, Licensor agrees that, for a period of two (2) years from the Effective Date, it will not any hire any employees of Sullivan Group Real Estate Advisors nor will Licensor, for the Term of the Agreement, solicit any employees of Sullivan Group Real Estate Advisors.

9.6 Notwithstanding the non-solicitation provision in Section 9.4, Licensor recognizes that an employee of Licensor may nevertheless respond to a general advertisement or public solicitation for employment by Licensee (such employees, "Non-Solicited Employees"). If, upon expiration of Licensee's no-hire obligation contained in Section 9.4, Licensee intends to extend an offer of employment (an "Offer") to any Non-Solicited Employee of Licensor, Licensee agrees to provide written notice of such intent (an "Offer Notice") to Licensor no less than two (2) weeks prior to extending such Offer. Licensor shall have one (1) week from receipt of such Offer Notice to object, in writing, to the hiring of such employee. In the event Licensor raises such objection but Licensee nevertheless extends an Offer, Licensor may terminate this Agreement upon six (6) months' written notice. The defined term "Non-Solicited Employees" shall include current employees of Licensor as well as those individuals who were employed by Licensor within the six (6) months' prior to the date of the Offer Notice.

9.7 The parties acknowledge that it would be difficult or impossible to quantify in money damages the harm that would be caused by a breach of this Article 9 and thus, in the event either party is in breach of its obligations under this Article 9, then, such breaching party will be liable to the non-breaching party for liquidated damages in the amount of $500,000 per violation. The parties agree that liquidated damages provided by this Section 9.7 are not intended to constitute a penalty or punitive damages for any reason, but instead are a reasonable approximation of the actual damages that would be sustained by a non-breaching party.

Article 10
Miscellaneous

10.1 This Agreement and the rights granted hereunder shall be personal to Licensee and shall not be assignable by either party; provided that, either party hereto may assign this agreement upon a merger, consolidation, or sale of all or substantially all of its assets or stock without the consent of the other party. Licensee shall have no right to sublicense any rights granted hereunder except to End Users as set forth herein.

10.2 To the extent that any government, or subdivision of any government requires recordation, registration, notification or other similar act, or approval of this Agreement, Licensee shall perform such actions or obtain such approvals necessary, at the Licensee's expense.

10.3 Licensee shall take such action as Licensor may reasonably request to effect, perfect or confirm Licensor's ownership interests and other rights as set forth in this Agreement, including, without limitation, by promptly (a) executing instruments of assignment, declarations, affirmations or other documents in connection with the applicable provisions of this Agreement, and (b) confirming in writing all waivers and consents under this Agreement, that are requested by Licensor from time to time.

10.4 This Agreement shall be governed and construed according to the laws of California, as if this agreement were wholly executed and wholly performed within California, and without reference to the conflicts of laws principles thereof.

10.5 This Agreement shall inure to the benefit of the parties hereto and their permitted successors and assigns, provided that nothing herein shall relieve any party of any of its obligations under the terms of this Agreement.

10.6 Any notice or request with reference to this Agreement shall be made by letter or facsimile, and shall be directed by one party to the other at its respective address set forth in the Preamble to this Agreement.

10.7 This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges all prior discussions between them and neither of the parties shall be bound by any conditions, definitions, warranties, waivers, releases or representations (either expressed or implied) with respect to the subject matter of this Agreement, other than expressly provided for herein (including the exhibits hereto), or as duly set forth on or subsequent to the date hereof in writing signed by a duly authorized representative of the party to be bound thereby.

10.8 In the event that any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, that provision shall be construed so as to give closest effect to the intent of the parties, and the remaining portions of this Agreement shall remain in full force and effect.

10.9 Nothing contained in this Agreement shall be construed as creating a joint venture, partnership, agency, fiduciary or employment relationship between the parties.

10.10 The failure by either party to enforce any section of this Agreement shall not be construed as a waiver of such provisions or of the right to enforce that, or any other, provision of this Agreement. No waiver shall be construed as a continuing waiver.

10.11 Sections 2, 3, 4, 5, 6, 7, 8, 9 and 10 shall survive any termination or expiration of this Agreement. Any and all accrued liabilities shall survive any termination or expiration of this Agreement.

10.12 No amendment, change, waiver, or discharge hereof shall be valid unless in writing and signed by the party against which such amendment, change, waiver or discharge is sought to be enforced.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized representatives as of the Effective Date.

HANLEY WOOD MARKET INTELLIGENCE, A DIVISION OF HANLEY-WOOD, LLC	THE RYNESS COMPANY
[signature]	[signature]
By (Sign)	By (Sign)
FRANK ANTON	Ed Mincer
Name (Print)	Name (Print)
CEO	CEO
Title	Title

Schedule A

Wire Transfer Instructions for Hanley Wood Account

Bank:	Wachovia Bank 214 Hogan Street, 5th Floor Jacksonville, FL 32202
ABA Number:	051400549
Account Number: Reference:	2000022981341

EXHIBIT A

Residential construction (proposed and active) data provided by Hanley Wood Market Intelligence. All rights reserved.

Residential construction (proposed and active) data provided by Hanley Wood, LLC. All rights reserved.

Residential construction (proposed and active) data provided by Hanley Wood Market Intelligence, a division of Hanley-Wood, LLC. All rights reserved.

FAXED

ORIGINAL

JS 44
(Rev. 07/89)

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE SECOND PAGE OF THIS FORM.)

FILED 08 JAN 30 PM 4:06
CLERK, U.S. DISTRICT COURT SOUTHERN DISTRICT OF CALIFORNIA
BY: DEPUTY

I. (a) PLAINTIFFS

Hanley-Wood, LLC, a Delaware limited liability company

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF District of Columbia
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)
Ogletree, Deakins, Nash, Smoak & Stewart, P.C.
633 West Fifth Street
Suite 5300
Los Angeles, California 90071
(213) 239-9800

DEFENDANTS

The Ryness Company, a California corporation

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT San Diego
(IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

ATTORNEYS (IF KNOWN)

'08 CV 0186 DMS WMc

II. BASIS OF JURISDICTION (PLACE AN 'X' IN ONE BOX ONLY)

- [ ] 1 U.S. Government Plaintiff
- [ ] 3 Federal Question (U.S. Government Not a Party)
- [ ] 2 U.S. Government Defendant
- [X] 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN 'X' IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)
(For Diversity Cases Only)

	PT	DEF		PT	DEF
Citizen of This State	[ ] 1	[X] 1	Incorporated or Principal Place of Business in This State	[ ] 4	[X] 4
Citizen of Another State	[X] 2	[ ] 2	Incorporated and Principal Place of Business in Another State	[X] 5	[ ] 5
Citizen or Subject of a Foreign Country	[ ] 3	[ ] 3	Foreign Nation	[ ] 6	[ ] 6

IV. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

Breach of Contract based on payment default under a license agreement.

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT
- [ ] 110 Insurance
- [ ] 120 Marine
- [ ] 130 Miller Act
- [ ] 140 Negotiable Instrument
- [ ] 150 Recovery of Overpayment & Enforcement of Judgment
- [ ] 151 Medicare Act
- [ ] 152 Recovery of Defaulted Student Loans (Excl. Veterans)
- [ ] 153 Recovery of Overpayment of Veteran's Benefits
- [ ] 160 Stockholders' Suits
- [X] 190 Other Contract
- [ ] 195 Contract Product Liability

REAL PROPERTY
- [ ] 210 Land Condemnation
- [ ] 220 Foreclosure
- [ ] 230 Rent Lease & Ejectment
- [ ] 240 Torts to Land
- [ ] 245 Tort Product Liability
- [ ] 290 All Other Real Property

TORTS

PERSONAL INJURY
- [ ] 310 Airplane
- [ ] 315 Airplane Product Liability
- [ ] 320 Assault, Libel & Slander
- [ ] 330 Federal Employers' Liability
- [ ] 340 Marine
- [ ] 345 Marine Product Liability
- [ ] 350 Motor Vehicle
- [ ] 355 Motor Vehicle Product Liability
- [ ] 360 Other Personal Injury

PERSONAL INJURY
- [ ] 362 Personal Injury - Medical Malpractice
- [ ] 365 Personal Injury - Product Liability
- [ ] 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- [ ] 370 Other Fraud
- [ ] 371 Truth in Lending
- [ ] 380 Other Personal Property Damage
- [ ] 385 Property Damage Product Liability

CIVIL RIGHTS
- [ ] 441 Voting
- [ ] 442 Employment
- [ ] 443 Housing/ Accommodations
- [ ] 444 Welfare
- [ ] 440 Other Civil Rights

PRISONER PETITIONS
- [ ] 510 Motion to Vacate Sentence

HABEAS CORPUS:
- [ ] 530 General
- [ ] 535 Death Penalty
- [ ] 540 Mandamus & Other
- [ ] 550 Civil Rights
- [ ] 555 Prison Conditions

FORFEITURE/PENALTY
- [ ] 610 Agriculture
- [ ] 620 Other Food & Drug
- [ ] 625 Drug Related Seizure of Property 21 USC 881
- [ ] 630 Liquor Laws
- [ ] 640 R.R. & Truck
- [ ] 650 Airline Regs.
- [ ] 660 Occupational Safety/Health
- [ ] 690 Other

LABOR
- [ ] 710 Fair Labor Standards Act
- [ ] 720 Labor/Mgmt. Relations
- [ ] 730 Labor/Mgmt. Reporting & Disclosure Act
- [ ] 740 Railway Labor Act
- [ ] 790 Other Labor Litigation
- [ ] 791 Empl. Ret. Inc. Security Act

BANKRUPTCY
- [ ] 422 Appeal 28 USC 158
- [ ] 423 Withdrawal 28 USC 157

PROPERTY RIGHTS
- [ ] 820 Copyrights
- [ ] 830 Patent
- [ ] 840 Trademark

SOCIAL SECURITY
- [ ] 861 HIA (13958)
- [ ] 862 Black Lung (923)
- [ ] 863 DIWC/DIWW (405(g))
- [ ] 864 SSID Title XVI
- [ ] 865 RSI (405(g))

FEDERAL TAX SUITS
- [ ] 870 Taxes (U.S. Plaintiff or Defendant)
- [ ] 871 IRS - Third Party 26 USC 7609

OTHER STATUTES
- [ ] 400 State Reappointment
- [ ] 410 Antitrust
- [ ] 430 Banks and Banking
- [ ] 450 Commerce/ICC Rates/etc.
- [ ] 460 Deportation
- [ ] 470 Racketeer Influenced and Corrupt Organizations
- [ ] 810 Selective Service
- [ ] 850 Securities/Commodities/ Exchange
- [ ] 875 Customer Challenge 12 USC 3410
- [ ] 891 Agricultural Acts
- [ ] 892 Economic Stabilization Act
- [ ] 893 Environmental Matters
- [ ] 894 Energy Allocation Act
- [ ] 895 Freedom of Information Act
- [ ] 900 Appeal of Fee Determination Under Equal Access to Justice
- [ ] 950 Constitutionality of State Statutes
- [ ] 890 Other Statutory Actions

VI. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)

- [X] 1 Original Proceeding
- [ ] 2 Removal from State Court
- [ ] 3 Remanded from Appellate Court
- [ ] 4 Reinstated or Reopened
- [ ] 5 Transferred from another district (specify)
- [ ] 6 Multidistrict Litigation
- [ ] 7 Appeal to District Judge from Magistrate Judgment

VII. REQUESTED IN COMPLAINT:

- [ ] CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND $

CHECK YES only if demanded in complaint:
JURY DEMAND: [X] YES [ ] NO

VIII. RELATED CASE(S) IF ANY (See Instructions): JUDGE ______ Docket Number ______

DATE
January 30, 2008

SIGNATURE OF ATTORNEY OF RECORD
Marcus A. McDaniel

PAID $350 1/30/08 BH RCPT# 147016

::ODMA\PCDOCS\WORDPERFECT\22816\1 January 24, 2000 (3:10pm)

UNITED STATES
DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
SAN DIEGO DIVISION

147016 - BH

January 30, 2008
16:01:45

Civ Fil Non-Pris
USAO #.: 08CV0186 CIVIL FILING
Judge..: DANA M SABRAW
Amount.: $350.00 CK
Check#.: BC# 66225

Total-> $350.00

FROM: HANLEY-WOOD V. RYNESS CO
CIVIL FILING